

The complaint

Mr and Ms R are unhappy a claim for damage caused by an escape of water has been declined under their home insurance by Accredited Insurance (Europe) Ltd (Accredited).

What happened

In January 2021 Mr and Ms R reported damage caused by an escape of water to Accredited, their home insurance provider.

Accredited arranged an initial inspection of the damage. A second inspection was also carried out by a leak detection specialist and the findings were sent to Accredited for consideration.

The claim was subsequently declined by Accredited. They said that based on the inspections that had been carried out, the leak was caused by the poor condition and failure of the sealant and grout in the shower, along with a crack in the shower tray. The failure of sealant and grout, and gradual damage and wear and tear, is excluded under Mr and Ms R's policy.

Mr and Ms R didn't agree and said the grouting had been redone two years prior to the loss. As they remained unhappy, they approached this service.

Our investigator looked into things and upheld the complaint in part. She said Accredited had fairly relied on the exclusions to decline the claim as she was satisfied the information provided showed the damage was gradual wear, resulting in failed sealant and grout, which is excluded under Mr and Ms R's policy. She also said that whilst Mr and Ms R might've been under the impression from the first inspection that the claim would be covered, an insurer is able to carry out additional inspections to validate a claim and that's what happened in this case.

However, she said the policy terms cover tracing and accessing a leak, so Accredited should consider the costs of doing this. She also said that Accredited should've offered this when the claim was declined, so she also recommended £200 compensation be paid.

Mr and Ms R didn't agree with the investigator's findings. They subsequently arranged for their own report to be completed, which our investigator then sent to Accredited to consider. However, this didn't change Accredited's claim decision and they maintained the exclusions would apply. But Accredited said, along with considering trace and access costs, they'd reimburse the cost of the report as a gesture of goodwill.

Our investigator also considered the more recent report obtained by Mr and Ms R, but this didn't change her view of things. She said both Mr and Ms R's and Accredited's report showed there was failed grout and sealant and a cracked shower tray which she was persuaded was the cause of damage. She also said the shower valve could be a cause, but the amount of water escaping would have been insignificant, and in her view wouldn't cause the amount of damage present. She also said there weren't any reports or evidence to support Mr and Ms R's believed sequence of events – that the leak from the shower valve

led to the floor bowing, the shower tray then cracking and the wall tiles then moving causing the sealant and grout to fail.

So, our investigator didn't think Accredited had acted unfairly by relying on the policy exclusions to decline the claim. And following her assessment, Accredited had agreed to consider trace and access, she'd recommended they pay £200 compensation, and they'd agreed to reimburse the cost of the report Mr and Ms R had completed. She said this was fair and reasonable.

Mr and Ms R didn't agree and asked for a final decision from an ombudsman.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The claim decision

The policy Mr and Ms R have with Accredited has the following exclusions:

“General exclusions

Gradually occurring loss

wear, tear or gradual deterioration; wet rot or dry rot or mould; spoilage, decay or decomposition; corrosion or rust; oxidation; erosion; leakage; any other gradually occurring loss; existing defect; dampness or dryness of atmosphere; condensation; smog or fog; or extremes or changes in atmospheric temperature.”

The policy also excludes:

“What is not covered

Loss or damage caused by:

- *the failure or lack of grout and/or sealant”*

Based on the reports completed, Accredited say the exclusions in the policy apply, and as a result they have declined the claim.

I've considered all the evidence and information provided when reaching my final decision. This includes the inspection reports completed by Accredited, and the later report commissioned by Mr and Ms R.

The original inspection report arranged by Accredited said:

“The leak repair hasn't been undertaken as the ceiling area need removing to try and locate the point of origin. If on removing the ceiling the leak can't be found, further T&A (Trace & Access) will be required in the FF bedroom or en-suite shower room.”

Therefore, they didn't locate the cause of the leak at the time. And the follow up inspection by a leak detection specialist appointed by Accredited didn't locate any leaking pipes either, instead they reported:

“Whilst carrying out our visual inspections we observed poor condition of silicone sealant sealant (sic), multiple areas of fractured wall tile grouting and multiple cracks in the wall tiling to the shower area. We also observed no sealant surrounding the

shower hose connector which emerges from the shower area wall. We also observed a hairline crack to the shower tray.”

They noted high moisture readings in the wall tiling areas, but not in the area of the shower mixer unit. And they said there was a faulty shower connector hose, but said this was unrelated to the reported issues.

They then went on to say:

“Upon flood testing the shower area in the bathroom we observed water almost immediately enter into the bedroom ceiling below.

Upon re-flow testing the shower waste pipe (thus the shower mixer pipework being active) following flood testing of the shower area, the water stopped entering into the area below.”

And they concluded:

“On the basis of the above findings we are of the opinion that the water damage to the two bedrooms has occurred due to an escape of water relating to poor condition of silicone sealant, fractured wall tile grouting and cracked wall tiling to the shower area in the bathroom.”

Having considered these images and reports, along with the conclusions reached by the leak specialists, I’m persuaded by those findings reached. The images also support those conclusions, on balance, that the escape of water has been caused by the poor condition and wear and tear of the sealant and grout, and cracks present. So, I don’t think Accredited was unfair to rely on these reports or to apply the exclusions in the policy terms to decline the claim.

Mr and Ms R have referred to a video recording taken which they say shows the leak is from a leaking pipe, rather than due to failure of sealant or grout. Accredited have said:

“You can see the water dripping through the gap onto the pipe giving the illusion the leak may be from the pipe but it is quite clear it is coming through the gap.”

I’ve seen the video and I’m in agreement with Accredited’s conclusions here. There are drips from the pipe, but they are as a result of drips coming through from the gap above, then onto the pipe and then from the exterior of the pipe. So, I’m satisfied this shows that it isn’t the pipe itself that is leaking.

Based on the inspections and reports carried out by Accredited, I don’t think they acted unfairly by relying on the exclusions in the policy to decline the claim based on the information at the time.

Mr and Ms R have since had their own report carried out. They say this shows the shower control unit was leaking, they say this then led to the floor bowing and the shower tray cracking. They say this then led to the wall tiles moving which has resulted in the seals and grout failing. Mr and Ms R say this is the sequence of events, rather than gradual damage and/or wear causing failed sealant and grout, and a shower tray crack, which then caused damage.

However, the report doesn't conclude that. Instead it says:

"Our equipment has indicated indicated (sic) this is not a pipework leak.

However testing suggests the seals and grout are not watertight.

Our engineer also detected a minor crack in the shower tray.

An escape of water was also found from the control and components on the shower unit indicating the seating of the valves has failed."

And they went on to conclude:

"Our engineer found an escape of water from the shower enclosure seals and a crack in the shower tray. An escape of water was also found from the control and components on the shower unit indicating the seating of the valves has failed. These components were only found to leak when the shower is in use.

Our equipment also indicated low wet readings surrounding the boxing in the bedroom on the ground floor. When investigating further, areas of interest were found on the external rendering.

However, this could be water tracking from seals/cracked shower tray, our equipment was unable to determine this through the heavy insulation between voids."

And the repairs they suggested, along with checking the external wall (as they suspected rainwater ingress via the cracked external render), were to *replace the shower tray which is cracked and defective seals and grouting with the shower enclosure once remedial works have been completed."*

So based on this, the report indicates the cause of the leak was from the poor condition shower seals and grout and cracked tray. Whilst the shower valve was leaking, and *could be* a cause or contributory cause, that's not concluded in the report as the sole cause of damage. In my view, it's not sufficient alone to cause the damage that has occurred, and the report concluded the escape of water was from the poor sealant and grouting and cracked shower tray and recommended replacing and reinstating those items. So, in my view, both reports indicate wear and tear and poor condition of the sealant and grout (and cracked shower tray) is the main cause of the damage.

I note Mr and Ms R's believed sequence of events, that the valve leak has then resulted in the floor bowing, the shower tray consequently cracking, wall tiles then moving and then the sealant and grout failing, rather than gradual damage and deterioration to the sealant and grout and from the shower tray crack. But the report doesn't conclude this. And based on the information I've seen, on balance, I'm persuaded the cause of damage is the wear and tear and poor condition causing failure of the sealant and grout and the crack in the shower tray. And I'm not persuaded that this leak from the diverter valve caused the sequence of events Mr and Ms R have hypothesised, which they say solely then led to the failure of sealant and grout (and crack in the shower tray).

With this in mind, I don't think Accredited has acted unfairly by declining the claim by relying on the exclusions it has.

Trace and access

Whilst our investigator didn't think Accredited had acted unfairly by declining the claim, she said trace and access was covered under Mr and Ms R's policy, and Accredited should've considered this, even though they were declining the escape of water damage claim.

The policy terms say:

"We will also pay the costs you have to pay to trace where the water or oil is leaking from, including the cost of repairs of walls, floors or ceilings. The most we will pay for tracing where the oil or water is leaking from is ten thousand pounds (£10,000)."

Accredited later accepted the policy covers trace and access after our investigator issued their findings. As this is covered under the terms, I'm in agreement that Accredited should consider the trace and access part of the claim as it has now agreed to do.

But as Accredited hadn't considered this when they should've, our investigator also recommended they pay Mr and Ms R £200 compensation for this. I'm in agreement with this recommendation and that this would be a fair and reasonable amount of compensation in the circumstances.

The cost of Mr and Ms R's report

When forwarding the report Mr and Ms R commissioned to Accredited, our investigator asked them if there was any cover under the policy terms which would meet the cost of this.

Accredited said that as the report was carried out in good faith, they would meet the cost of it as a gesture of goodwill. I think that is fair and reasonable in the circumstances.

My final decision

It's my final decision that I uphold this complaint in part and direct Accredited Insurance (Europe) Ltd to:

- Consider Mr and Ms R's trace and access claim in line with the policy terms
- Reimburse the cost of Mr and Ms R's independent report
- Pay Mr and Ms R £200 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Ms R to accept or reject my decision before 4 May 2022.

Callum Milne
Ombudsman